

## **Pre-Paid Calling Cards**

There are more than a dozen basic ways to make a long distance telephone call. One way is with a prepaid telephone calling card. Pre-paid phone cards are rapidly becoming everyday products for millions of customers. For many people, pre-paid phone calls offer the ultimate in convenience. The phone time has been paid for in advance, the card can be used from any phone, and there is no need to think about carrying coins or paying a bill later.

Pre-paid phone cards represent telephone time you buy in advance. You pay from \$5 to \$15 or more up-front for local or long distance phone time; the amount of time depends on the rate-per-minute you are charged. Most phone cards can provide savings over traditional calling cards, coin calls or collect calls, but are more expensive than making calls from your home.

Most pre-paid phone cards display a toll-free telephone number and a personal identification number (PIN). Pre-paid phone card companies have computers that use your PIN to keep track of your card usage - how much phone time you have on your card - in minutes or units. To make a phone call, you dial the access number, enter your PIN, and at the voice prompt, enter the phone number of the party you are trying to reach. A computer tells you how much time or units you have left on your card, and how to use other features your card may offer.

When you buy a pre-paid phone card from a store, it is important to remember that you have bought a telephone service, not a product. The store doesn't control the quality of service. As the pre-paid phone card business grows, so do the number of consumer complaints concerning hidden charges, poor quality connections, and cards that fail to work. Even though most cards promise you savings, they often fail to disclose the basis for those claims. Many pre-paid cards do not disclose rate information at all. Per-minute rates may vary from 9 cents to 57 cents, and some cards mysteriously lose value for no apparent reason.

Common pre-paid phone card complaints are:

- ✂✂ Access numbers or PINS that do not work;
- ✂✂ Issuers who go out of business, leaving cardholders with a useless card;
- ✂✂ Customer service numbers that are busy or do not work;
- ✂✂ Toll-free access numbers that are constantly busy, preventing use of the card;
- ✂✂ Rates that are higher than advertised;
- ✂✂ Hidden connection charges, taxes and surcharges;
- ✂✂ Cards that debit minutes or units even when you do not connect with the party you are calling; and
- ✂✂ Poor quality connections.

Consumers can avoid many of these problems by checking out a few things before purchasing the pre-paid phone card.

- ✂✂ Ask if the retailer will stand behind the card if the telephone service is unsatisfactory.
- ✂✂ Look for the rate for domestic and international calls on the card's package or on the vending machine. These rates may vary depending on where you call. If you can't find the rate, call the card's customer service number.
- ✂✂ The pre-paid phone card industry is highly competitive. Beware of very low rates, particularly for international calls. They may indicate poor customer service.
- ✂✂ Look for disclosures about surcharges, monthly fees, and per-call access in addition to the rate-per-minute or unit. Some cards add a surcharge to the first minute of use.
- ✂✂ Check for expiration dates. Most cards expire one year after first use. If there is no expiration date, a card usually is considered "live" until all phone time is used.
- ✂✂ Look for a toll-free customer service number. If the customer service number is not toll free or displayed, it may be difficult to contact the company if you have a problem with the card. A busy signal on the customer service line may be a tip-off to a rip-off.

✍✍ Make sure the card comes in a sealed envelope or has a sticker covering the PIN. Otherwise, anyone who copies the PIN can use the phone time you have paid for.

Using pre-paid calling cards for making long-distance telephone calls is worth taking a look at. But as with any new product or service you are trying for the first time, proceed with common sense. The Federal Trade Commission has written a brochure entitled ***Buying Time: The Facts About Pre-Paid Phone Cards***. You can obtain a copy of this brochure by calling the FTC toll free at 1-877-FTC-HELP or by contacting the North Dakota Attorney General's Consumer Protection Division at 1-800-472-2600.